

BANK INDONESIA REGULATION
Number: 7/29/PBI/2005
CONCERNING
AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 6/15/PBI/2004 CONCERNING STATUTORY RESERVES
AT BANK INDONESIA FOR COMMERCIAL BANKS
IN RUPIAHS AND FOREIGN CURRENCIES

THE GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas it is necessary for stable conditions in the national economy to be maintained, among others by means of monetary stability;
 - b. whereas monetary stability can be achieved through control over the money supply, among others by regulation of banking liquidity including the establishment of the statutory reserve requirement;
 - c. whereas it is necessary for the applicable regulations concerning the statutory reserve requirement to be adjusted from time to time in line with the condition of liquidity in the banking system and the ability of banks to perform the intermediary function;
 - d. now therefore it is deemed necessary to stipulate improved legal provisions concerning the statutory reserve requirement in rupiahs and foreign currencies in a Bank Indonesia Regulation;

- In view of:
1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);
 2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);
 3. Bank Indonesia Regulation Number 6/15/PBI/2004 concerning Statutory Reserves at Bank Indonesia for Commercial Banks in Rupiahs and Foreign Currencies (State Gazette of the Republic of Indonesia Number 55 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4390);

HAS DECREED:

To enact: THE AMENDMENT TO BANK INDONESIA REGULATION NUMBER 6/15/PBI/2004 CONCERNING STATUTORY RESERVES AT BANK INDONESIA FOR COMMERCIAL BANKS IN RUPIAHS AND FOREIGN CURRENCIES.

Article I ...

Article I

A number of provisions in Bank Indonesia Regulation Number 6/15/PBI/2004 concerning Statutory Reserves at Bank Indonesia for Commercial Banks in Rupiahs and Foreign Currencies (State Gazette of the Republic of Indonesia Number 55 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4390) are hereby amended as follows;

1. To the provisions of Article 1 are added 1 (one) new number, namely number 12, which reads as follows:

Article 1

12. The Loan to Deposit Ratio, hereinafter referred to as LDR, is the ratio of credit extended to third parties in rupiahs and foreign currencies, not including credit to other Banks, against deposit funds, encompassing demand deposits, savings deposits, and time deposits in rupiahs and foreign currencies, not including Interbank deposits.

2. The provisions of Article 3 are amended to read as follows:

Article 3

- (1) The Statutory Reserve requirement in rupiahs as referred to in Article 2 paragraph (1) is stipulated at 5% (five percent) of Deposit Funds in rupiahs.
- (2) In addition to fulfilling the provision referred to in paragraph (1), Banks are required to hold additional Statutory Reserves in rupiahs determined on the basis of:
 - a. Deposit Funds; and
 - b. LDR

(3) The requirement for additional Statutory Reserves in rupiahs on the basis of amount of Deposit Funds as referred to in paragraph (2) letter a is stipulated as follows:

- a. any Bank holding Deposit Funds in rupiahs of up to Rp 1,000,000,000,000.00 (one trillion rupiahs) shall maintain additional Statutory Reserves in rupiahs equal to 0% (one percent) of Deposit Funds in rupiahs;
- b. any Bank holding Deposit Funds in rupiahs in excess of Rp 1,000,000,000,000.00 (one trillion rupiahs) and up to Rp 10,000,000,000,000.00 (ten trillion rupiahs) shall maintain additional Statutory Reserves in rupiahs equal to 1% (one percent) of Deposit Funds in rupiahs;
- c. any Bank holding Deposit Funds in rupiahs in excess of Rp 10,000,000,000,000.00 (ten trillion rupiahs) and up to Rp 50,000,000,000,000.00 (fifty trillion rupiahs) shall maintain additional Statutory Reserves in rupiahs equal to 2% (two percent) of Deposit Funds in rupiahs;
- d. any Bank holding Deposit Funds in rupiahs in excess of Rp 50,000,000,000,000.00 (fifty trillion rupiahs) shall maintain additional Statutory Reserves in rupiahs equal to 3% (three percent) of Deposit Funds in rupiahs.

(4) The requirement for additional Statutory Reserves in rupiahs on the basis of the LDR as referred to in paragraph (2) letter b is stipulated as follows:

- a. any Bank with an LDR of more than 90% (ninety percent) shall maintain additional Statutory Reserves in rupiahs equal to 0% (one percent) of Deposit Funds in rupiahs;

b. any ...

- b. any Bank with an LDR of more than 75% (seventy-five percent) and up to 90% (ninety percent) shall maintain additional Statutory Reserves in rupiahs equal to 1% (one percent) of Deposit Funds in rupiahs;
- c. any Bank with an LDR of more than 60% (sixty percent) and up to 75% (seventy-five percent) shall maintain additional Statutory Reserves in rupiahs equal to 2% (two percent) of Deposit Funds in rupiahs;
- d. any Bank with an LDR of more than 50% (fifty percent) and up to 60% (sixty percent) shall maintain additional Statutory Reserves in rupiahs equal to 3% (three percent) of Deposit Funds in rupiahs;
- e. any Bank with an LDR of more than 40% (forty percent) and up to 50% (fifty percent) shall maintain additional Statutory Reserves in rupiahs equal to 4% (four percent) of Deposit Funds in rupiahs;
- f. any Bank with an LDR of less than 40% (forty percent) shall maintain additional Statutory Reserves in rupiahs equal to 5% (five percent) of Deposit Funds in rupiahs;

3. The provisions of Article 5 are amended to read as follows:

Article 5

The percentages of the Statutory Reserve requirement referred to in Article 3 and Article 4 may be adjusted from time to time, taking into account the condition of the economy and the policy direction of Bank Indonesia.

4. The provisions of Article 7 are amended to read as follows:

Article 7 ...

Article 7

- (1) Banks are required to maintain Statutory Reserves on a daily basis.
- (2) The requirement for maintenance of Statutory Reserves as referred to in paragraph (1) and fulfillment of the percentages for the Statutory Reserve requirement as referred to in Article 3 and Article 4 shall be calculated by comparing the total Account balance of the Bank at Bank Indonesia each day during a single reporting period against the average daily Deposit Funds during a single reporting period two reporting periods previously.
- (3) Information on Deposit Funds as referred to in paragraph (2) and in Article 3 paragraph (2) letter a shall be obtained from data on Deposit Funds conveyed by the Bank to Bank Indonesia in accordance with the Bank Indonesia regulatory provisions concerning Commercial Bank Periodic Reports.
- (4) Information on the LDR as referred to in Article 3 paragraph (2) letter b shall be obtained from weekly balance sheet items conveyed by the Bank to Bank Indonesia in accordance with the Bank Indonesia regulatory provisions concerning Commercial Bank Periodic Reports.
- (5) Information on Account balances of Banks at Bank Indonesia as referred to in paragraph (2) shall be obtained from the Bank Indonesia accounting system.
- (6) The calculations referred to in paragraph (1) and paragraph (2) shall apply to the Statutory Reserve requirement in rupiahs and the Statutory Reserve requirement in foreign currencies.

5. The provisions of Article 11 paragraph (1) are amended to read as follows:

Article 11 ...

Article 11

- (1) Bank Indonesia shall pay demand deposit interest each working day on the portion of the Rupiah Account balance of the Bank allocated for meeting the requirement for additional Statutory Reserves in rupiahs as referred to in Article 3 paragraph (3) and paragraph (4) at the interest rate of 5.5% (five and one half percent) per annum.

6. The provisions of Article 12 are amended to read as follows:

Article 12

Demand deposit interest as referred to in Article 11 shall not be paid on:

- a. the portion of the Rupiah Account balance of the Bank held for compliance with the provisions referred to in Article 3 paragraph (1);
- b. any portion of the Rupiah Account balance of the Bank in excess of the Statutory Reserve requirement in the case of a Bank as referred to in Article 3 paragraph (3) and Article 3 paragraph (4);
- c. any portion of the Rupiah Account balance of the Bank required to be maintained as additional Statutory Reserves that fails to comply with the provisions referred to in Article 3 paragraph (3) and Article 3 paragraph (4).

7. The provisions of Article 13 are amended to read as follows:

Article 13

A Bank shall be declared in infringement of the Statutory Reserve requirement if the daily Account balance of the Bank at Bank Indonesia is less than the daily Account balance of the Bank that must be maintained for compliance with the Statutory Reserve requirement as referred to in Article 3 and Article 4.

8. The elucidation to Article 14 is amended so that Article 14 reads as follows:

Article 14

- (1) In event of infringement of the Statutory Reserve requirement in rupiahs as referred to in Article 13 and the Rupiah Account of the Bank has a positive balance, the Bank shall be liable to a financial penalty of 125% (one hundred and twenty-five percent) of the average overnight JIBOR on the day of the infringement in respect of the shortfall in Statutory Reserves in rupiahs for each day of the infringement.
- (2) In the event of infringement of the Statutory Reserve requirement in rupiahs as referred to in Article 13 and the Rupiah Account of the Bank has a negative balance, the Bank shall be liable to a financial penalty of:
 - a. 125% (one hundred and twenty-five percent) of the average overnight JIBOR on the day of the infringement in respect of the required Statutory Reserves in rupiahs; plus
 - b. 150% (one hundred and fifty percent) of the overnight Interbank Rate as recorded on the PIPU, in respect of the negative balance, for each day of infringement.

9. The elucidation in Article 15 paragraph (2) is amended so that Article 15 paragraph (2) reads as follows:

- (2) The financial penalty referred to in paragraph (1) shall be paid in the rupiah currency at the Bank Indonesia transaction exchange rate on the day of the infringement.

10. The provisions of Article 16 are amended to read as follows:

Article 16

In addition to the imposition of sanctions as referred to in Article 14 and Article 15, any Bank failing to comply with the Statutory Reserve requirement as referred to in Article 3 and/or Article 4 shall be liable to administrative sanctions as referred to in Article 52 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998.

Article II

This Bank Indonesia Regulation shall come into force on September 8, 2005.

Enacted in Jakarta

Dated September 6, 2005

THE GOVERNOR OF BANK INDONESIA

BURHANUDDIN ABDULLAH

ELUDICATION
TO
BANK INDONESIA REGULATION
Number: 7/29/PBI/2005
CONCERNING
AMENDMENT TO BANK INDONESIA REGULATION
NUMBER 6/15/PBI/2004 CONCERNING STATUTORY RESERVES
AT BANK INDONESIA FOR COMMERCIAL BANKS
IN RUPIAHS AND FOREIGN CURRENCIES

GENERAL REVIEW

The creation of monetary stability, among others by control of the inflation rate and exchange rate, is essential to bringing about stable conditions in the economy.

One of the monetary instruments that may be employed by Bank Indonesia to create monetary stability is the control of bank liquidity by application of the statutory reserve requirement.

The application of the statutory reserve policy may be adjusted from time to time in keeping with the condition of bank liquidity, capacity of banks to perform the intermediary function, and the policy direction of Bank Indonesia.

ARTICLE BY ARTICLE

Article I

Number 1

Article 1

Self-explanatory.

Number 2

Article 3

Paragraph (1)

All Banks are required to comply with the 5% (five percent) statutory reserve requirement in rupiahs, irrespective of the amount of Deposit Funds held in rupiahs and the level of the LDR.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Letter a

For example:

A Bank has Deposit Funds of Rp 1,000,000,000,000.00 (one trillion rupiahs). This Bank is required to hold Statutory Reserves in rupiahs in the amount of:

- a. 5% (five percent) of Rp 1,000,000,000,000.00 (one trillion rupiahs); plus
- b. 0% (zero percent) of Rp 1,000,000,000,000.00 (one trillion rupiahs);

Letter b

For example:

A Bank has Deposit Funds of Rp 5,000,000,000,000.00 (five trillion rupiahs). This Bank is required to hold Statutory Reserves in rupiahs in the amount of:

- a. 5% ...

- a. 5% (five percent) of Rp 5,000,000,000,000.00 (five trillion rupiahs); plus
- b. 1% (one percent) of Rp 5,000,000,000,000.00 (five trillion rupiahs).

Letter c

For example:

A Bank has Deposit Funds of Rp 25,000,000,000,000.00 (twenty-five trillion rupiahs). This Bank is required to hold Statutory Reserves in rupiahs in the amount of:

- a. 5% (five percent) of Rp 25,000,000,000,000.00 (twenty-five trillion rupiahs); plus
- b. 2% (two percent) of Rp 25,000,000,000,000.00 (twenty-five trillion rupiahs).

Letter d

For example:

A Bank has Deposit Funds of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs). This Bank is required to hold Statutory Reserves in rupiahs in the amount of:

- a. 5% (five percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs); plus
- b. 3% (three percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs).

Paragraph (4)

Letter a

For example:

A Bank has Deposit Funds of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) and an LDR of 95% (ninety-five percent). This Bank is required to hold Statutory Reserves in rupiahs in the amount of:

- a. 5% (five percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs); plus
- b. 3% (three percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter d; plus
- c. 0% (zero percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of the LDR as referred to in Article 3 paragraph (4) letter a.

Letter b

For example:

A Bank has Deposit Funds of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) and an LDR of 90% (ninety percent). This Bank is required to hold Statutory Reserves in rupiahs in the amount of:

- a. 5% (five percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs); plus

b. 3% ...

- b. 3% (three percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter d; plus
- c. 1% (one percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of the LDR as referred to in Article 3 paragraph (4) letter b.

Letter c

For example:

A Bank has Deposit Funds of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) and an LDR of 65% (sixty-five percent). This Bank is required to hold Statutory Reserves in rupiahs in the amount of:

- a. 5% (five percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs); plus
- b. 3% (three percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter d; plus
- c. 2% (two percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on

the basis ...

the basis of the LDR as referred to in Article 3 paragraph (4) letter c.

Letter d

For example:

A Bank has Deposit Funds of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) and an LDR of 52% (fifty-two percent). This Bank is required to hold Statutory Reserves in rupiahs in the amount of:

- a. 5% (five percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs); plus
- b. 3% (three percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter d; plus
- c. 3% (three percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of the LDR as referred to in Article 3 paragraph (4) letter d.

Letter e

For example:

A Bank has Deposit Funds of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) and an LDR of 40% (forty percent). This Bank is required to hold Statutory Reserves in rupiahs in the amount of:

- a. 5% ...

- a. 5% (five percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs); plus
- b. 3% (three percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter d; plus
- c. 4% (four percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of the LDR as referred to in Article 3 paragraph (4) letter e.

Letter f

For example:

A Bank has Deposit Funds of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) and an LDR of 35% (thirty-five percent). This Bank is required to hold Statutory Reserves in rupiahs in the amount of:

- a. 5% (five percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs); plus
- b. 3% (three percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter d; plus
- c. 5% (five percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) comprising the

requirement ...

requirement for additional Statutory Reserves on the basis of the LDR as referred to in Article 3 paragraph (4) letter f.

Number 3

Article 5

Self-explanatory.

Number 4

Article 7

Paragraph (1)

Self-explanatory.

Paragraph (2)

The formula for calculation of the percentage of Statutory Reserves is as follows:

Daily Account balance of the Bank recorded at Bank Indonesia each day during 1 (one) reporting period.

_____ x 100%

Daily average Deposit Funds of the Bank during 1 (one) reporting period 2 (two) reporting periods previously.

The percentage of Statutory Reserves of the Bank in rupiahs or foreign currency as referred to above is based on the Deposit Funds of the Bank as follows:

- a. the daily Statutory Reserves for the reporting period from the 1st day through the 7th day of the month is the percentage of Statutory Reserves calculated against

average ...

- average Deposit Funds during the reporting period from the 16th day through the 23rd day of the previous month;
- b. the daily Statutory Reserves for the reporting period from the 8th day through the 15th day of the month is the percentage of Statutory Reserves calculated against average Deposit Funds during the reporting period from the 24th day through the end of the previous month;
 - c. the daily Statutory Reserves for the reporting period from the 16th day through the 23rd day of the month is the percentage of Statutory Reserves calculated against average Deposit Funds during the reporting period from the 1st day through the 7th day of the same month;
 - d. the daily Statutory Reserves for the reporting period from the 24th day through the end of the month is the percentage of Statutory Reserves calculated against average Deposit Funds during the reporting period from the 8th day through the 15th day of the same month.

Paragraph (3)

Self-explanatory.

Paragraph (4)

The LDR used as the basis for calculating the additional Statutory Reserves in rupiahs shall be based on the weekly balance sheet items in the Commercial Bank Periodic Report for the position at the end of the reporting period 2 (two) reporting periods previously.

Accordingly, the calculation of the additional Statutory Reserves in rupiahs based on the LDR is stipulated as follows:

a. The ...

- a. The additional daily Statutory Reserves in rupiahs for the reporting period from the 1st day through the 7th day of the month shall be based on the level of the LDR at the end of the third weekly reporting period in the previous month;
- b. The additional daily Statutory Reserves in rupiahs for the reporting period from the 8th day through the 15th day of the month shall be based on the level of the LDR at the end of the fourth weekly reporting period in the previous month;
- c. The additional daily Statutory Reserves in rupiahs for the reporting period from the 16th day through the 23rd day of the month shall be based on the level of the LDR at the end of the first weekly reporting period in the same month;
- d. The additional daily Statutory Reserves in rupiahs for the reporting period from the 24th day through the end of the month shall be based on the level of the LDR at the end of the second weekly reporting period in the same month.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Number 5

Article 11

Paragraph (1)

The 5.5% (five and one half percent) interest rate is the effective annual rate determined on the basis of daily compounding over a period of 360 (three hundred and sixty) days, i.e., 0.0149% daily.

Sample calculation:

Bank A has daily average Third Party Funds in rupiahs of Rp 5,000,000,000,000.00 (five trillion rupiahs) during the reporting period of the 8th day through the 15th day of January and an LDR at the end of the second weekly reporting period of 73% (seventy-three percent).

The daily Statutory Reserves for the reporting period from the 24th day through the end of January are:

- a. 5% (five percent) of Rp 5,000,000,000,000.00 (five trillion rupiahs), i.e., Rp 250,000,000,000.00 (twenty-five billion rupiahs), as referred to in Article 3 paragraph (1), plus
- b. 1% (one percent) of Rp 5,000,000,000,000.00 (five trillion rupiahs), i.e., Rp 50,000,000,000.00 (fifty billion rupiahs), comprising the requirement to maintain additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter b, plus
- c. 2% (two percent) of Rp 5,000,000,000,000.00 (five trillion rupiahs), i.e., Rp 100,000,000,000.00 (one

hundred ...

hundred billion rupiahs), comprising the requirement to maintain additional Statutory Reserves on the basis of the LDR as referred to in Article 3 paragraph (4) letter c.

The balance of the Rupiah Account of Bank A at Bank Indonesia on January 24 is Rp 400,000,000,000.00 (four hundred billion rupiahs) or 8% (eight percent) of Deposit Funds in rupiahs.

The demand deposit interest for Bank A on January 24 shall be paid only on portion held in the Rupiah Account of the Bank for compliance with the provisions referred to in Article 3 paragraph (3) and Article 3 paragraph (4), i.e., Rp 150,000,000,000.00 (one hundred and fifty billion rupiahs), according to the following calculation:

0.0149% x Rp 150,000,000,000.00 (one hundred and fifty billion rupiahs).

No demand deposit interest shall be paid in regard to the portion held in the Rupiah Account of the Bank for compliance with the 5% Statutory Reserve requirement as referred to in Article 3 paragraph (1), i.e., Rp 250,000,000,000.00 (two hundred and fifty billion rupiahs).

Number 6

Article 12

Letter a

Self-explanatory.

Letter b ...

Letter b

Bank A has daily average Deposit Funds in rupiahs of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs) in during the reporting period from the 8th through 15th day of January, with the LDR at the end of the second weekly reporting period calculated at 82% (eighty-two percent).

The daily Statutory Reserves that must be maintained during the reporting period commencing on the 24th day through the end of January are:

- a. 5% (five percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs), i.e., Rp 2,750,000,000,000 (two trillion seven hundred and fifty billion rupiahs), as referred to in Article 3 paragraph (1); plus
- b. 3% (three percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs), i.e., Rp 1,650,000,000,000.00 (one trillion six hundred and fifty billion rupiahs), comprising the requirement to maintain additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter d; plus
- c. 1% (one percent) of Rp 55,000,000,000,000.00 (fifty-five trillion rupiahs), i.e., Rp 550,000,000,000.00 (five hundred and fifty billion rupiahs), comprising the requirement to maintain additional Statutory Reserves on the basis

of the LDR as referred to in Article 3 paragraph (4) letter b.

The balance of the Rupiah Account of Bank A at Bank Indonesia on January 24 is Rp 5,000,000,000,000.00 (five trillion rupiahs).

Demand deposit interest for Bank A on January 24 shall be paid only on portion held in the Rupiah Account of the Bank for compliance with the provisions referred to in Article 3 paragraph (3) and Article 3 paragraph (4), i.e., Rp 2,200,000,000,000.00 (two trillion two hundred billion rupiahs), according to the following calculation:

$$0.0149\% \times \text{Rp } 2,200,000,000,000.00$$

No demand deposit interest shall be paid in regard to the portion held in the Rupiah Account of the Bank for compliance with the 5% Statutory Reserve requirement as referred to in Article 3 paragraph (1), i.e., Rp 2,750,000,000,000.00 (two trillion seven hundred and fifty billion rupiahs), neither on the excess balance of the Rupiah Account above the required level as referred to in Article 3 paragraph (3) and paragraph (4), i.e., Rp 50,000,000,000.00 (fifty billion rupiahs).

Letter c

Sample calculation:

Bank B has daily average Deposit Funds in rupiahs of Rp 20,000,000,000,000.00 (twenty trillion rupiahs) during the reporting period from the 8th through 15th day of January, with the LDR at the end of the second

weekly ...

weekly reporting period calculated at 50% (fifty percent).

The daily Statutory Reserves that must be maintained during the reporting period commencing on the 24th day through the last date in January are:

- a. 5% (five percent) of Rp 20,000,000,000,000.00 (twenty trillion rupiahs), i.e., Rp 1,000,000,000,000.00 (one trillion rupiahs), as referred to in Article 3 paragraph (1); plus
- b. 2% (two percent) of Rp 20,000,000,000,000.00 (twenty trillion rupiahs), i.e., Rp 400,000,000,000.00 (four hundred billion rupiahs), comprising the requirement to maintain additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter c; plus
- c. 4% (four percent) of Rp 20,000,000,000,000.00 (twenty trillion rupiahs), i.e., Rp 800,000,000,000.00 (eight hundred billion rupiahs), comprising the requirement to maintain additional Statutory Reserves on the basis of the LDR as referred to in Article 3 paragraph (4) letter e.

The Rupiah Account balance of Bank A at Bank Indonesia on January 24 is Rp 2,000,000,000,000.00 (two trillion rupiahs) or 10% of Deposit Funds in rupiahs, resulting in a shortfall of Rp 200,000,000,000.00 (two hundred billion rupiahs).

No demand deposit interest shall be paid on the entire balance in the Rupiah Account of the Bank, whether on the portion designated for compliance with 5% Statutory Reserve requirement as referred to in Article 3 paragraph (1), i.e., Rp 1,000,000,000,000.00 (one trillion rupiahs), or the portion for additional Statutory Reserves failing to comply with the provisions referred to in Article 3 paragraph (3) and Article 3 paragraph (4), i.e., Rp 1,000,000,000,000.00 (one trillion rupiahs).

Number 7

Article 13

Self-explanatory.

Number 8

Article 14

Paragraph (1)

“Days” are defined as working days.

Example 1 of calculation of penalty:

Bank A has daily average Deposit Funds in rupiahs of Rp 20,000,000,000,000.00 (twenty trillion rupiahs) during the reporting period of the 8th day through the 15th day of January, with an LDR at the end of the second weekly reporting period of 37% (thirty-seven percent).

The daily Statutory Reserves that must be held for the reporting period from the 24th day through the end of January are:

- a. 5% (five percent) of Rp 20,000,000,000,000.00 (twenty trillion rupiahs), i.e., Rp 1,000,000,000,000.00 (one trillion rupiahs), as referred to in Article 3 paragraph (1); plus
- b. 2% (two percent) of Rp 20,000,000,000,000.00 (twenty trillion rupiahs), i.e., Rp 400,000,000,000.00 (four hundred billion rupiahs), comprising the requirement to maintain additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter c; plus
- c. 5% (five percent) of Rp 20,000,000,000,000.00 (twenty trillion rupiahs), i.e., Rp 1,000,000,000,000.00 (one trillion rupiahs), comprising the requirement to maintain additional Statutory Reserves on the basis of the LDR as referred to in Article 3 paragraph (4) letter f.

The balance of the Rupiah Account of Bank A at Bank Indonesia on January 24 is Rp 2,100,000,000,000.00 (two trillion one hundred billion rupiahs) or 10.5% of Deposit Funds in rupiahs, resulting in a shortfall in Statutory Reserves of Rp 300,000,000,000.00 (three hundred billion rupiahs).

The JIBOR on January 24 is 8% (eight percent).

The financial penalty for Bank A for infringement of the Statutory Reserve requirement on January 24 is calculated as follows:

$$\begin{aligned} & \text{Shortfall in SR} \times 125\% \times \text{JIBOR rate} \\ & \quad \times \text{no. of working days} \\ & \hline & \quad 360 \times 100 \\ & \quad \text{or} \\ & \frac{\text{Rp } 300,000,000,000.00 \times 1.25 \times 8 \times 1}{360 \times 100} \end{aligned}$$

Second sample calculation of penalty:

Bank B has daily average Deposit Funds in rupiahs of Rp 800,000,000,000.00 (eight hundred billion rupiahs) during the reporting period from the 8th through 15th day of January, with the LDR at the end of the second weekly reporting period calculated at 91% (ninety-one percent).

The daily Statutory Reserves for the reporting period from the 24th day through the end of January is 5% (five percent) of Rp 800,000,000,000.00 (eight hundred billion rupiahs), i.e., Rp 40,000,000,000.00 (forty billion rupiahs), as referred to in Article 3 paragraph (1).

The balance of the Rupiah Account of Bank B at Bank Indonesia on January 24 is Rp 20,000,000,000.00 (twenty billion rupiahs) or 2.5% of the Deposit Funds of the Bank, resulting in a shortfall in Statutory Reserves of Rp 20,000,000,000.00 (twenty billion rupiahs).

The JIBOR on January 24 is 8% (eight percent).

The financial penalty for Bank B for infringement of the rupiah Statutory Reserve requirement on January 24 is calculated as follows:

$$\frac{\text{Shortfall in SR} \times 125\% \times \text{JIBOR} \times \text{no. of working days}}{360 \times 100}$$

or

$$\frac{\text{Rp } 20,000,000,000.00 \times 1.25 \times 8 \times 1}{360 \times 100}$$

Paragraph (2)

Sample calculation of penalty:

Bank A has daily average Deposit Funds in rupiahs of Rp 20,000,000,000,000.00 (twenty trillion rupiahs) during the reporting period from the 8th through 15th day of January, with the LDR at the end of the second weekly reporting period calculated at 110% (one hundred and ten percent).

The daily Statutory Reserves that must be maintained during the reporting period from the 24th day through the end of January are:

- a. 5% (five percent) of Rp 20,000,000,000,000.00 (twenty trillion rupiahs), i.e., Rp 1,000,000,000,000.00 (one trillion rupiahs), as referred to in Article 3 paragraph (1); plus

b, 2% ...

- b. 2% (two percent) of Rp 20,000,000,000,000.00 (twenty trillion rupiahs), i.e., Rp 400,000,000,000.00 (four hundred billion rupiahs) comprising the requirement for additional Statutory Reserves on the basis of Deposit Funds as referred to in Article 3 paragraph (3) letter c; plus
- c. 0% (zero percent) of Rp 20,000,000,000,000.00 (twenty trillion rupiahs), i.e., Rp 0.00 (zero rupiahs) comprising the requirement for additional Statutory Reserves on the basis of the LDR as referred to in Article 3 paragraph (4) letter a.

The balance of the Rupiah Account of Bank A at Bank Indonesia on the 24th day of January is -Rp 200,000,000,000.00 (minus two hundred billion rupiahs), resulting in a shortfall in Statutory Reserves of Rp 1,400,000,000,000.00 (one trillion four hundred billion rupiahs) and a negative balance of Rp 200,000,000,000.00 (minus two hundred billion rupiahs).

The JIBOR on January 24 is 8% (eight percent).

The Interbank Money Market interest rate on January 24 is 9% (nine percent).

The financial penalty for Bank A for infringement of the rupiah Statutory Reserve requirement on January 24 is calculated as follows:

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Required Statutory Reserves x 125%
x JIBOR x working days

360 x 100

or

Rp 1,400,000,000,000.00 x 1.25 x 8 x 1

360 x 100

plus the product of the negative balance of the Rupiah Account of the Bank at Bank Indonesia multiplied by 150% (one hundred and fifty percent) multiplied by the Interbank Money Market interest rate for the 1 (one) day tenor, according to the following formula:

|negative balance| x 150% x 1-day interbank rate
recorded on the PIPU x no. of days

360 x 100

or

200,000,000,000.00 x 1.5 x 9 x 1

360 x 100

Number 9

Article 15

Paragraph (2)

Self-explanatory.

Number 10

Article 16

Self-explanatory.

Article II ...

Article II

Self-explanatory.